

REPORT OF WHISTLEBLOWER INVESTIGATION
UNIVERSITY OF WASHINGTON
DEPARTMENT OF PEDIATRICS, DIVISION OF NEONATOLOGY
NO. 05-046
AUGUST 5, 2005

Notice of Filing and Transmittal
August 5, 2005

Attached is the official report of Whistleblower case No. 05-046

This report is transmitted by the State Auditor's Office pursuant to Chapter 42.40 of the revised Code of Washington, the Whistleblower Act.

Questions about this report should be directed to Investigator Sandra Miller at (360) 902-0378, or Whistleblower Program Manager Justin Long at (360) 725-5385.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

BS:sym

cc: Weldon E. Ihrig, Executive Vice President, University of Washington
Maureen Rhea, Director of Audits, University of Washington
Sharon Sandler, Senior Auditor, University of Washington

The State Auditor's Office received assertions of improper governmental activity at the Division of Neonatology, University of Washington. These assertions were submitted to us under the provisions of Chapter 42.40 of the Revised Code of Washington, the Whistleblower Act. Under RCW 42.40.040(5)(d), we referred these assertions to the University of Washington Internal Audit Department for investigation. The assertions were investigated independently and objectively through interviews and by reviewing relevant documents. This is the result of the investigation.

Assertion 1:

The head of the Division of Neonatology Department of Pediatrics, University of Washington School of Medicine is using her state telephone and cellular telephone to make long-distance calls.

We found no reasonable cause to believe an improper governmental action occurred.

The University reviewed the subject's long-distance telephone bills and found she did not make personal long-distance calls from her University telephone. Children's University Medical Group, a non-University entity, pays for the cellular phone costs.

RCW 42.52.160 Use of persons, money, or property for private gain. *"(1) No state officer or state employee may employ or use any person, money, or property under the officer's or employee's official control or direction or in his or her official custody, for the private benefit or gain of the officer, employee, or another."*

Assertion 2:

The head of the Division of Neonatology is using University funds to pay for hotels, rental cars, meals and social expenses of friends that she previously worked with or trained with.

We found no reasonable cause to believe an improper governmental action occurred.

During the course of their investigation, the University found the three people named in the assertion had received honoraria and travel reimbursements that were valid University expenses. In addition, all three incidents were between 2001 and 2003 and therefore outside the scope of this investigation. The State Auditor's Office does not have statutory authority to investigate assertions of improper governmental activity that occurred more than one year from the date the assertion was filed.

RCW 42.52.160 Use of persons, money, or property for private gain. *“(1) No state officer or state employee may employ or use any person, money, or property under the officer's or employee's official control or direction or in his or her official custody, for the private benefit or gain of the officer, employee, or another.”*

RCW 42.40.040 Report of improper governmental action—investigations and reports by auditor, agency. *“(1)(a) In order to be investigated, an assertion of improper governmental action must be provided to the auditor within one year after the occurrence of the asserted improper governmental action.”*

Assertion 3:

The head of the Division of Neonatology is using University funds to pay for her out-of-state medical licenses.

We found no reasonable cause to believe an improper governmental action occurred.

University funds were used to pay for the Department head's California medical license fees for 2000 and 2002. The University stated payment of these fees is considered part of the professional development for faculty in Pediatrics and is an allowable expense. In addition, these expenses occurred more than one year from the date the assertion was filed, and are therefore outside the scope of this investigation.

RCW 42.52.160 Use of persons, money, or property for private gain. *“(1) No state officer or state employee may employ or use any person, money, or property under the officer's or employee's official control or direction or in his or her official custody, for the private benefit or gain of the officer, employee, or another.”*

RCW 42.40.040 Report of improper governmental action—investigations and reports by auditor, agency. *“(1)(a) In order to be investigated, an assertion of improper governmental action must be provided to the auditor within one year after the occurrence of the asserted improper governmental action.”*

Assertion 4:

The head of the Division of Neonatology did not provide accounting reports or reconciliation of funds received.

We found no reasonable cause to believe an improper governmental action occurred.

In December 2003 the Department distributed a report showing Neonatology's fund balance as of September 30, 2003 and the amount allocated for fiscal year 2003-2004. The Department is not required to provide any additional documentation until the end of the two-year budget period.

State Accounting & Auditing Manual 85.10.20 Budgetary Accounting Requirement. *“An agency's expenditure authority is provided by the Legislature through appropriations or inclusion of non-appropriated account moneys in the legislative budget, and by the Governor and the Office of Financial Management (OFM) through allocations approval of unanticipated receipts, or across-the-board spending reductions. An agency may not expend or obligate funds in excess of its expenditure authority. Allotments are detailed plans of the scheduled revenues and expenditures authorized in the budget and the related cash receipts and disbursements. An agency's actual spending will be monitored against the allotments by the agency, OFM, the Legislature, and the public. Allotments must:*

- *Conform to the terms, limits, or conditions of Legislative Appropriations.*

- *Serve as the agency's best estimate of the money it will spend and the revenue it will collect each month and year of the biennium.*
- *Provide the agency's best estimate of expected cash flows by month.*

Assertion 5:

The head of the Division of Neonatology is using her state computer for personal benefit.

We found no reasonable cause to believe an improper governmental activity occurred.

During an interview, the subject advised the University that she occasionally plays solitaire on her University computer while waiting in her office late at night for a baby to be born. She also stated she occasionally brought her daughter to the office when she was ill, and allowed her to play solitaire. This use is considered de minimus in nature and University policy allows for limited personal use since the game already was installed on her computer.

RCW 42.52.160 Use of persons, money, or property for private gain. *"(1) No state officer or state employee may employ or use any person, money, or property under the officer's or employee's official control or direction or in his or her official custody, for the private benefit or gain of the officer, employee, or another."*

"Examples of permissible personal use of facilities, computers, and equipment include but are not limited to the following:

- *Use of games, during breaks, that an employee does not personally install on a University computer."* University of Washington Administrative Policy Statements 47.2.1c

Assertion 6:

The head of the Division of Neonatology instructed staff to enter false information into a financial report.

We found no reasonable cause to believe an improper governmental activity occurred.

The University reviewed financial records and determined that the reports in question were correct.

RCW 42.20.040 False Report. *"Every public officer who shall knowingly make any false or misleading statement in any official report or statement, under circumstances not otherwise prohibited by law shall be guilty of a gross misdemeanor."*

Assertion 7:

The head of the Division of Neonatology is overcharging for patient care.

We found no reasonable cause to believe an improper governmental activity occurred.

The University found no evidence to support the subject instructed faculty to inappropriately increase their professional fee billings. The University further determined the subject has an adequate internal review process to monitor billings, which identifies if faculty are using codes incorrectly or need further instructions regarding documentation.

RCW 42.20.040 False Report. *"Every public officer who shall knowingly make any false or misleading statement in any official report or statement, under circumstances not otherwise prohibited by law shall be guilty of a gross misdemeanor."*

Assertion 8:

The head of the Division of Neonatology has allowed the Prenatal Alcohol grant to carry a deficit.

We found no reasonable cause to believe an improper governmental activity occurred.

The University determined the grant has a budget surplus of approximately \$30,000 as of March 31, 2005, and was not in a deficit position during the grant period.

RW 43.88.290 Fiscal responsibilities of state officers and employees-Prohibitions relative to appropriations of expenditures. *“ No state officer or employee shall intentionally or negligently: over-expend or over-encumber any appropriation made by law; fail to properly account for any expenditures by fund, program, or fiscal period; or expend funds contrary to the terms, limits, or conditions of any appropriation made by law.”*

State Auditing & Accounting Manual OFM 85.10.20a Budgetary accounting requirements. *“An agency’s expenditure authority is provided by the Legislature through appropriations or inclusion of non-appropriated account moneys in the legislative budget, and by the Governor and the Office of Financial Management (OFM) through allocations, approval of unanticipated receipts or across-the-board spending reductions. An agency may not expend or obligate funds in excess of its expenditure authority.”*

AUDITOR’S CONCLUDING REMARKS

We appreciate the cooperation and courtesies extended to our Office by the University during this investigation.